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MEMORANDUM

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TO: Docket Control

FROM: Deborah R. Scott
Director
Utilities DivisionAZ CORP COMMISSION
DOCUMENT CONTROL

DATE: March 7, 2001

RE: IN THE MATTER OF THE APPLICATION AND PETITION OF VIVO COMMUNICATIONS-AZ, LLC FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE COMPETITIVE TELECOMMUNICATIONS SERVICES AND COMPETITIVE CLASSIFICATION. (DOCKET NO. T-03973A-00-1038)

Attached is the Staff Report for the above referenced application. The Applicant is applying for approval to provide the following services:

- Facilities-based local services
- Facilities-based interexchange services
- Resold local services
- Resold interexchange services
- Access services

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MAR 13 2001

LEGAL DIV.
ARIZ. CORPORATION COMMISSION

Staff is recommending approval of the application following a hearing.

/mgk

Originator: Marta Kalleberg

Attachment: Original and Ten Copies

STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

VIVO COMMUNICATIONS-AZ, LLC

DOCKET NO. T-03973A-00-1038

IN THE MATTER OF THE APPLICATION AND PETITION OF VIVO
COMMUNICATIONS-AZ, LLC FOR A CERTIFICATE OF CONVENIENCE AND
NECESSITY TO PROVIDE COMPETITIVE TELECOMMUNICATIONS SERVICES AND
COMPETITIVE CLASSIFICATION


MARCH 7, 2001

TABLE OF CONTENTS

	PAGE
1. Introduction.....	1
2. The Applicant's Application for a Certificate of Convenience & Necessity	1
2.1 Description of the Geographic Market to be Served	1
2.2 Description of Requested Services	1
2.3 The Organization	1
2.4 Technical Capability to Provide the Requested Services	2
2.5 Financial Capability to Provide the Requested Services	2
2.6 Establishing Rates and Charges.....	2
3. Local Exchange Carrier Specific Issues	4
3.1 Interconnection	4
3.2 Directory Listings and Directory Assistance.....	4
3.3 Number Portability	4
3.4 Provision of Basic Telephone Service and Universal Service.....	5
3.5 Quality of Service.....	5
3.6 Access to Alternative Local Exchange Service Providers.....	5
3.7 911 Service	5
3.8 Custom Local Area Signaling Services	6
3.9 Equal Access for Interexchange Carriers	6
4. Competitive Services Analysis	6
4.1 Competitive Services Analysis for Local Exchange Services.....	7
4.2 Competitive Services Analysis for Interexchange Services	9
4.3 Competitive Services Analysis for Access Services	10
5. Recommendations.....	11
5.1 Recommendations on the Applicant's Application For a CC&N.....	11
5.2 Recommendation on the Applicant's Petition to Have Its Proposed Services Classified as Competitive.....	14

STAFF ACKNOWLEDGMENT

The Staff Report for Vivo Communications-AZ, LLC, Docket No. T-03973A-00-1038, was the responsibility of the Staff member listed below. Marta Kalleberg was responsible for the review and analysis of the Applicant's application for a Certificate of Convenience and Necessity to provide facilities-based and resold interexchange services; facilities-based and resold local exchange services; access telecommunications service; and petition for a determination that its proposed services should be classified as competitive.



Marta Kalleberg
Economist II

1. INTRODUCTION

On December 19, 2000, Vivo Communications-AZ, LLC ("Vivo" or "Applicant") filed an application for a Certificate of Convenience and Necessity ("CC&N") to provide facilities-based and resold interexchange services; facilities-based and resold local exchange services; and access service within the State of Arizona. Vivo petitioned the Arizona Corporation Commission ("Commission") for a determination that its proposed services should be classified as competitive.

Staff's review of this application addresses the overall fitness of the Applicant to receive a CC&N. Staff's analysis also considers whether the Applicant's services should be classified as competitive and if the Applicant's initial rates are just and reasonable.

2. THE APPLICANT'S APPLICATION FOR A CERTIFICATE OF CONVENIENCE & NECESSITY

This section of the Staff Report contains descriptions of the geographic market to be served by the Applicant, the requested services, and the Applicant's technical and financial capability to provide the requested services. In addition, this section contains the Staff evaluation of the Applicant's proposed rates and charges and Staff's recommendation thereon.

2.1 DESCRIPTION OF THE GEOGRAPHIC MARKET TO BE SERVED

Vivo seeks authority to provide local exchange telecommunications services throughout the service territory of Qwest (formerly known as U S West) and authority to provide interexchange services throughout the State of Arizona.

2.2 DESCRIPTION OF REQUESTED SERVICES

Vivo proposes to provide facilities-based and resold interexchange services; facilities-based and resold local exchange services; and switched and special access services. These services include, but are not limited to the following: calling cards, data services, and Centrex and/or Centrex-like services.

2.3 THE ORGANIZATION

Vivo is an Arizona Limited Liability Company and has authority to transact business in Arizona. Vivo's sister company is Vivo-TN, LLC. The owners and members of Vivo and Vivo-TN are the same.

2.4 TECHNICAL CAPABILITY TO PROVIDE THE REQUESTED SERVICES

Vivo and its sister company have applied for authority to provide facilities-based and resold local exchange and interexchange service in 8 states. Vivo's officers have prior experience at MCI, Ameritech, and other telecommunications providers.

2.5 FINANCIAL CAPABILITY TO PROVIDE THE REQUESTED SERVICES

Vivo has submitted the unaudited balance sheet of its sister company, Vivo-TN, LLC as of November 30, 2000. These financial data list assets of \$106,293 and total shareholders' equity of \$106,293. Vivo-TN has no liabilities and its assets are limited to funds in bank checking and savings accounts. Based upon this limited information, the limited amount of assets, and the unaudited nature of the statement, Staff believes that Vivo lacks sufficient financial strength to offer the requested telecommunications services in Arizona absent the procurement of a performance bond.

Since the Applicant does not appear to have sufficient financial resources, Staff believes that any deposits or prepayments received from the Applicant's customers should be protected. Further, measures should be taken to ensure that the Applicant will not discontinue service to its customers without first complying with A.A.C. R14-2-1107.

To that end, Staff recommends that the Applicant procure a performance bond equal to \$100,000. The minimum bond amount of \$100,000 should be increased if at any time it would be insufficient to cover prepayments or deposits collected from the Applicant's customers. If the Applicant desires to discontinue service it must file an application with the Commission pursuant to A.A.C. R14-2-1107. Additionally, the Applicant must notify each of its customers and the Commission 60 days prior to filing an application pursuant to A.A.C. R14-2-1107. Failure to meet this requirement should result in forfeiture of the Applicant's performance bond. Staff further recommends that proof of the above mentioned performance bond be docketed within 90 days of the effective date of an order in this matter or 30 days prior to the provision of service, whichever comes first.

After one year of operation under the CC&N granted by the Commission, Staff recommends that the Applicant be allowed to file a request for cancellation of its performance bond. Such request should be accompanied by information demonstrating the Applicant's financial viability. Upon receipt of such filing and after Staff review, Staff will forward its recommendation to the Commission for a Decision.

2.6 ESTABLISHING RATES AND CHARGES

The Applicant would initially be providing service in areas where an incumbent local exchange carrier ("ILEC"), along with various competitive local exchange carriers ("CLECs") and interexchange carriers are providing telephone service. Therefore, the Applicant would have to compete with those providers in order to obtain subscribers to its services. The Applicant

would be a new entrant and would face competition from both an incumbent provider and other competitive providers in offering service to its potential customers. Therefore, the Applicant would generally not be able to exert market power. Thus, the competitive process should result in rates that are just and reasonable.

Both an initial rate (the actual rate to be charged) and a maximum rate must be listed for each competitive service offered, provided that the rate for the service is not less than the Company's total service long-run incremental cost of providing the service pursuant to A.A.C. R14-2-1109.

The Applicant has submitted proposed tariffs. Staff requires historical fair value information in order to provide a thorough analysis of the submitted tariffs. Without this information, Staff is unable to provide tariff analysis and recommendations in terms of a fair value finding. Therefore, Staff recommends that, if the Applicant wishes to proceed with its certificate application, any tariffs filed in this matter be approved on an interim basis. If a certificate is conditionally granted and tariffs are authorized on an interim basis, the Applicant should be required to file in this Docket, within 18 months of the date it first provides service following certification, sufficient information for Staff analysis and recommendation for a fair value finding, as well as for an analysis and recommendation for permanent tariff approval. This information must include, at a minimum, the following:

1. A dollar amount representing the total revenue for the first twelve months of telecommunications service provided to Arizona customers by the Applicant following certification, adjusted to reflect the **maximum rates** that the Applicant has requested in its tariff. This adjusted total revenue figure could be calculated as the number of units sold for all services offered times the maximum charge per unit.
2. The total actual operating expenses for the first twelve months of telecommunications service provided to Arizona customers by the Applicant following certification.
3. The value of **all assets**, listed by major category, including a description of the assets, used for the first twelve months of telecommunications service provided to Arizona customers by the Applicant following certification. Assets are not limited to plant and equipment. Items such as office equipment and office supplies should be included in this list.

Staff further recommends that the Applicant's failure to meet the condition to timely file sufficient information for a fair value finding and analysis and recommendation of permanent tariffs should result in the expiration of the certificate and of the tariffs.

3. LOCAL EXCHANGE CARRIER SPECIFIC ISSUES

Since the Applicant intends to provide local exchange service, the issues related to the provision of that service are discussed below.

3.1 INTERCONNECTION

The Applicant has applied for a CC&N to become a local exchange company. As such, the Applicant will need to connect its network to other local exchange company networks in order to provide ubiquitous calling capabilities to its customers. The Commission approved the parameters under which interconnection between the Applicant and other telephone service providers will take place (Decision No. 59761, dated July 22, 1996, in Docket No. RT-00000F-96-0001). The 1996 Telecommunications Act has set forth general guidelines for interconnection. Staff therefore recommends that, unless it provides services solely through the use of its own facilities, the Applicant procure an Interconnection Agreement that is consistent with these guidelines before being allowed to offer local exchange service.

3.2 DIRECTORY LISTINGS AND DIRECTORY ASSISTANCE

Callers should be able to determine the telephone numbers belonging to customers of alternative local exchange companies, such as the Applicant. There are three issues associated with the provision of Directory Assistance for subscribers to new local exchange company services, no matter what service provider the subscriber uses. These issues are:

1. Should there be one Directory Assistance database administrator?
2. If there is one Directory Assistance database administrator, what should the rates be for inclusion in the directories?
3. What should be included in the Directory Assistance database?

Staff recommends that the Applicant indicate how it plans to have its customers' telephone numbers included in the incumbent's Directories and Directory Assistance databases before it begins providing local exchange service.

3.3 NUMBER PORTABILITY

Another issue associated with the Applicant's proposal to become a competitive local exchange company relates to how telephone numbers should be administered. Local exchange competition may not be vigorous if customers, especially business customers, must change their telephone numbers to take advantage of a competitive local exchange carrier's service offerings. Staff recommends that the Applicant pursue interim and permanent number portability arrangements with other local exchange carriers ("LECs") that are consistent with federal laws, federal rules and state rules.

3.4 PROVISION OF BASIC TELEPHONE SERVICE AND UNIVERSAL SERVICE

The Commission has adopted rules to address maintenance of universal telephone service during and after the transition to a competitive telecommunications services market. The rules contain the terms and conditions for contributions to and support received from telephone service subscribers to finance the Arizona Universal Service Fund ("AUSF"). Under the rules, the Applicant will be required to participate in the financing of the AUSF and it may be eligible for AUSF support. Therefore, Staff recommends that approval of the Applicant's application for a CC&N be conditioned upon the Applicant's agreement to abide by and participate in the AUSF mechanism established by Decision No. 59623, dated April 24, 1996 (Docket No. RT-00000E-95-0498).

3.5 QUALITY OF SERVICE

Staff believes that the Applicant should be ordered to abide by the quality of service standards that were approved by the Commission for USWC in Docket No. T-01051B-93-0183 (Decision No. 59421). Because the penalties that were developed in this docket were initiated only because USWC's level of service was not satisfactory, Staff does not recommend that those penalties apply to the Applicant. In the competitive market that the Applicant wishes to enter, the Applicant generally will have no market power and will be forced to provide a satisfactory level of service or risk losing its customers. Therefore, Staff believes that it is unnecessary to subject the Applicant to those penalties at this time.

3.6 ACCESS TO ALTERNATIVE LOCAL EXCHANGE SERVICE PROVIDERS

Staff expects that there will be new entrant providers of local exchange service who will install the plant necessary to provide telephone service to, for example, a residential subdivision or an industrial park much like existing local exchange companies do today. In those areas where the Applicant installs the only local exchange service facilities, the Applicant will be a monopoly service provider. In the interest of providing competitive alternatives to the Applicant's local exchange service customers, Staff recommends that the Applicant provide customers served in these areas with access to alternative local exchange service providers. In this way, a customer may be served by an alternative local exchange service provider if the customer so desires. With this requirement in place, the Applicant will not be able to exert monopoly power over customers who are located in areas where the Applicant is the only provider of facilities to serve the customer. Access to other providers should be provided pursuant to the provisions of the 1996 Telecommunications Act, the rules promulgated thereunder and Commission rules on interconnection and unbundling.

3.7 911 SERVICE

The Applicant has not indicated in its application whether it will provide all customers with 911 and E911 service, where available, or will coordinate with ILECs and emergency service providers to provide the service. Staff believes that the Applicant should be required to

work cooperatively with local governments, public safety agencies, telephone companies, the National Emergency Number Association and all other concerned parties to establish a systematic process in the development of a universal emergency telephone number system. Staff recommends that the Applicant be required to certify, through the 911 service provider in the area in which it intends to provide service, that all issues associated with the provision of 911 service have been resolved with the emergency service providers before it begins to provide local exchange service.

3.8 CUSTOM LOCAL AREA SIGNALING SERVICES

In its decisions related to USWC's proposal to offer Caller ID and other CLASS features in the State, the Commission addressed a number of issues regarding the appropriateness of offering these services and under what circumstances it would approve the proposals to offer them. The Commission concluded that Caller ID could be offered provided that per call and line blocking, with the capability to toggle between blocking and unblocking the transmission of the telephone number, should be provided as options to which customers could subscribe with no charge. The Commission also approved a Last Call Return service that will not return calls to telephone numbers that have the privacy indicator activated, which indicates that the number has been blocked. The Commission further required that USWC engage in education programs when introducing or providing the service(s).

Staff recommends that the Applicant be required to abide by all the Commission decisions and policies regarding Caller ID and other CLASS services. However, Staff does not believe that it is necessary for the Applicant to engage in the educational program that was ordered for USWC as long as customers in the areas where the Applicant intends to serve have already been provided with educational material and are aware that they can have their numbers blocked on each call or at all times with line blocking.

3.9 EQUAL ACCESS FOR INTEREXCHANGE CARRIERS

Although the Applicant did not indicate that its switch will be "fully equal access capable" (i.e. would provide equal access to interexchange companies), the Commission requires local exchange companies to provide 2-Primary Interexchange Carriers ("2-PIC") equal access. 2-PIC equal access allows customers to choose different carriers for interLATA and intraLATA toll service and would allow customers to originate intraLATA calls using the preferred carrier on a 1+ basis. Staff recommends that the Applicant be required to provide 2-PIC equal access.

4. COMPETITIVE SERVICES ANALYSIS

The Applicant has petitioned the Commission for a determination that the services it is seeking to provide should be classified as competitive. The Applicant has published legal notice of the application in all counties in which it requests authorization to provide service. The

Applicant has certified that all notification requirements have been completed. Staff's analysis and recommendations are discussed below.

4.1 COMPETITIVE SERVICES ANALYSIS FOR LOCAL EXCHANGE SERVICES

4.1.1 A description of the general economic conditions that exist which make the relevant market for the service one that is competitive.

The analysis of the market for local exchange service that the Applicant seeks to enter must take into account the fact that there are two local exchange service submarkets. The first is the local exchange service market that consists of locations where ILECs currently provide service. The second local exchange service market consists of locations within ILECs' service territories where ILECs are authorized to provide local exchange service, but where they do not actually provide service.

The local exchange market that the Applicant seeks to enter is one in which a number of new CLECs have been authorized to provide local exchange service. Nevertheless, ILECs hold a virtual monopoly in the local exchange service market. At locations where ILECs provide local exchange service, the Applicant will be entering the market as an alternative provider of local exchange service and, as such, the Applicant will have to compete with those companies in order to obtain customers. In areas where ILECs do not serve customers, the Applicant may have to convince developers to allow it to provide service to their developments. Staff recommends that, in those instances where the Applicant provides the only facilities used to provide telecommunications service, that the Applicant be required to allow other local exchange companies to use those facilities to serve customers who wish to obtain service from an alternative provider pursuant to federal laws, federal rules and state rules.

4.1.2 The number of alternative providers of the service.

Qwest and various independent LECs are the primary providers of local exchange service in the State. Several CLECs and local exchange resellers are also providing local exchange service.

4.1.3 The estimated market share held by each alternative provider of the service.

Since Qwest and the independent LECs are the primary providers of local exchange service in the State, they have a large share of the market. Since the CLECs and local exchange resellers have only recently been authorized to offer service they have limited market share.

4.1.4 The names and addresses of any alternative providers of the service that are also affiliates of the telecommunications Applicant, as defined in A.A.C. R14-2-801.

None.

4.1.5 The ability of alternative providers to make functionally equivalent or substitute services readily available at competitive rates, terms and conditions.

ILECs have the ability to offer the same services that the Applicant has requested in their respective service territories. Similarly many of the CLECs and local exchange resellers also offer substantially similar services.

4.1.6 Other indicators of market power, which may include growth and shifts in market share, ease of entry and exit, and any affiliation between and among alternative providers of the service(s).

The local exchange service market is:

- a. One in which ILECs own networks that reach nearly every residence and business in their service territories and which provide them with a virtual monopoly over local exchange service. New entrants are also beginning to enter this market.
- b. One in which new entrants will be dependent upon ILECs:
 1. To terminate traffic to customers.
 2. To provide essential local exchange service elements until the entrant's own network has been built.
 3. For interconnection.
- c. One in which ILECs have had an existing relationship with their customers that the new entrants will have to overcome if they want to compete in the market and one in which new entrants do not have a long history with any customers.
- d. One in which Qwest provides a quality of service that has generated a significant number of complaints. These complaints led the Commission to adopt service quality rules that contain penalties if the service quality standards are not met. A provider of alternative service, such as the Applicant, should provide Qwest--as well as other incumbents--with the incentive to produce higher quality service including service installation and repair on a timely basis.
- e. One in which most customers have few, if any choices since there is generally only one provider of local exchange service in each service territory.

- f. One in which the Applicant will not have the capability to adversely affect prices or restrict output to the detriment of telephone service subscribers.

4.2 COMPETITIVE SERVICES ANALYSIS FOR INTEREXCHANGE SERVICES

4.2.1 **A description of the general economic conditions that exist which make the relevant market for the service one that is competitive.**

The interexchange market that the Applicant seeks to enter is one in which numerous facilities-based and resold interexchange carriers have been authorized to provide service throughout the State. The Applicant will be a new entrant in this market and, as such, will have to compete with those companies in order to obtain customers.

4.2.2 **The number of alternative providers of the service.**

There are a large number of facilities-based and resold interexchange carriers providing both interLATA and intraLATA interexchange service throughout the State. In addition, various ILECs provide intraLATA interexchange service in many areas of the State.

4.2.3 **The estimated market share held by each alternative provider of the service.**

The large facilities-based interexchange carriers (AT&T, Sprint, MCI WorldCom, etc.) hold a majority of the interLATA interexchange market, and the ILECs provide a large portion of the intraLATA interexchange market. Numerous other interexchange carriers have a smaller part of the market.

4.2.4 **The names and addresses of any alternative providers of the service that are also affiliates of the telecommunications Applicant, as defined in A.A.C. R14-2-801.**

None.

4.2.5 **The ability of alternative providers to make functionally equivalent or substitute services readily available at competitive rates, terms and conditions.**

Both facilities-based and resold interexchange carriers have the ability to offer the same services that the Applicant has requested in their respective service territories. Similarly many of the ILECs offer similar intraLATA toll services.

4.2.6 Other indicators of market power, which may include growth and shifts in market share, ease of entry and exit, and any affiliation between and among alternative providers of the service(s).

The interexchange service market is:

- a. One with numerous competitors and limited barriers to entry.
- b. One in which established interexchange carriers have had an existing relationship with their customers that the new entrants will have to overcome if they want to compete in the market and one in which new entrants do not have a long history with any customers.
- c. One in which the Applicant will not have the capability to adversely affect prices or restrict output to the detriment of telephone service subscribers.

4.3 COMPETITIVE SERVICES ANALYSIS FOR ACCESS SERVICES

4.3.1 A description of the general economic conditions that exist which make the relevant market for the service one that is competitive.

The market for telecommunications service in which the Applicant intends to provide access service is:

- a. One in which ILECs are the main providers of intrastate access service.
- b. One in which ILECs own networks that reach nearly every residence and business in their service territories, which provide them with a virtual monopoly over intrastate access service in their service territories.
- c. One in which the Applicant may be reliant upon ILECs to access customers in order to provide competitive access services.

4.3.2 The number of alternative providers of the service.

ILECs are still the main providers of access service in their territories. However, a number of new entrants are competing for intrastate access customers.

4.3.3 The estimated market share held by each alternative provider of the service.

Since ILECs have historically been the only providers of access service in their service territories, they have a majority of the market share in those territories. However, new entrants are gaining market share.

4.3.4 The names and addresses of any alternative providers of the service that are also affiliates of the telecommunications applicant, as defined in A.A.C. R14-2-801.

None.

4.3.5 The ability of alternative providers to make functionally equivalent or substitute services readily available at competitive rates, terms and conditions.

Each service that the Applicant provides will have at least one alternative supplier.

4.3.6 Other indicators of market power, which may include growth and shifts in market share, ease of entry and exit, and any affiliation between and among alternative providers of the service(s).

The following represent other indications of ILECs' market power in the intrastate switched access service market:

- a. The fact that ILECs, such as Qwest, are providing the majority of intrastate access. New entrants have been authorized to provide intrastate access and are beginning to establish a presence in the market.
- b. Customer relationships with incumbent carriers, such as Qwest, that have existed over a number of years.
- c. The fact that the ILECs, such as Qwest, have access to information about all of the customers located in their service territories that other providers do not (e.g. billing and calling pattern information).
- d. The fact that the ILEC is often the first contact for customers entering an area.

5. RECOMMENDATIONS

The following sections contain the Staff recommendations on the Applicant's Application for a CC&N and the Applicant's Petition for a Commission Determination that its Proposed Services Should be Classified as Competitive.

5.1 RECOMMENDATIONS ON THE APPLICANT'S APPLICATION FOR A CC&N

Vivo is an Arizona Limited Liability Company and has authority to transact business in Arizona. Vivo's sister company is Vivo-TN, LLC. The owners and members of Vivo and Vivo-TN are the same. Vivo and its sister company have applied for authority to provide facilities-based and resold local exchange and interexchange service in 8 states. Vivo's officers have prior experience at MCI, Ameritech, and other telecommunications providers. The Applicant has

demonstrated that it has the capability to provide its proposed services, as requested, and the provision of these would merely be an extension of its current activities elsewhere. Therefore, Staff recommends that the Applicant's application for a CC&N to provide intrastate telecommunications services, as listed in Section 2.2 of this Report, be granted subject to the following recommendations:

1. That, unless it provides services solely through the use of its own facilities, the Applicant procure an Interconnection Agreement before being allowed to offer local exchange service;
2. That the Applicant file with the Commission, within 30 days of an Order in this matter, its plan to have its customers' telephone numbers included in the incumbent's Directories and Directory Assistance databases;
3. That the Applicant pursue permanent number portability arrangements with other LECs pursuant to Commission rules, federal laws and federal rules;
4. That the Applicant agree to abide by and participate in the AUSF mechanism instituted in Decision No. 59623, dated April 24, 1996 (Docket No. RT-00000E-95-0498);
5. That the Applicant abide by the quality of service standards that were approved by the Commission for USWC in Docket No. T-01051B-93-0183;
6. That in areas where the Applicant is the sole provider of local exchange service facilities, the Applicant will provide customers with access to alternative providers of service pursuant to the provisions of Commission rules, federal laws and federal rules;
7. That the Applicant be required to certify, through the 911 service provider in the area in which it intends to provide service, that all issues associated with the provision of 911 service have been resolved with the emergency service providers within 30 days of an Order in this matter;
8. That the Applicant be required to abide by all the Commission decisions and policies regarding CLASS services;
9. That the Applicant be required to provide 2-PIC equal access;
10. That the Applicant be required to notify the Commission immediately upon changes to the Applicant's address or telephone number;
11. That the Applicant comply with all Commission rules, orders, and other requirements relevant to the provision of intrastate telecommunications service;
12. That the Applicant maintain its accounts and records as required by the Commission;

13. That the Applicant file with the Commission all financial and other reports that the Commission may require, and in a form and at such times as the Commission may designate;
14. That the Applicant maintain on file with the Commission all current tariffs and rates, and any service standards that the Commission may require;
15. That the Applicant cooperate with Commission investigations of customer complaints; and
16. That the Applicant participate in and contribute to a universal service fund, as required by the Commission.

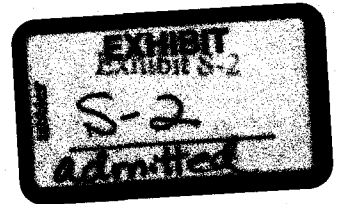
Staff further recommends that the Applicant's application for a CC&N to provide intrastate telecommunications services be granted subject to the following conditions:

1. The Applicant should be ordered to file conforming tariffs within 30 days of an Order in this matter, and in accordance with the Decision;
2. Applicant should be required to file in this Docket, within 18 months of the date it first provides service following certification, sufficient information for Staff analysis and recommendation for a fair value finding, as well as for an analysis and recommendation for permanent tariff approval. This information must include, at a minimum, the following:
 - a. A dollar amount representing the total revenue for the first twelve months of telecommunications service provided to Arizona customers by the Applicant following certification, adjusted to reflect the **maximum rates** that the Applicant has requested in its tariff. This adjusted total revenue figure could be calculated as the number of units sold for all services offered times the maximum charge per unit.
 - b. The total actual operating expenses for the first twelve months of telecommunications service provided to Arizona customers by the Applicant following certification.
 - c. The value of **all assets**, listed by major category, including a description of the assets, used for the first twelve months of telecommunications service provided to Arizona customers by the Applicant following certification. Assets are not limited to plant and equipment. Items such as office equipment and office supplies should be included in this list.

3. The Applicant's failure to meet the condition to timely file sufficient information for a fair value finding and analysis and recommendation of permanent tariffs should result in the expiration of the certificate and of the tariffs; and
 4. In order to protect the Applicant's customers,
 - a. the Applicant should be ordered to procure a performance bond equal to \$100,000. The minimum bond amount of \$100,000 should be increased if at any time it would be insufficient to cover prepayments or deposits collected from the Applicant's customers;
 - b. if the Applicant desires to discontinue service, it should file an application with the Commission pursuant to A.A.C. R14-2-1107;
 - c. the Applicant should be required to notify each of its customers and the Commission 60 days prior to filing an application to discontinue service pursuant to A.A.C. R14-2-1107; and any failure to do so should result in forfeiture of the Applicant's performance bond;
 - d. proof of the performance bond should be docketed within 90 days of the effective date of an order in this matter or 30 days prior to the provision of service, whichever comes first; and
 - e. after one year of operation under the CC&N granted by the Commission, Staff recommends that the Applicant be allowed to file a request for cancellation of its established performance bond. Such request should be accompanied by information demonstrating the Applicant's financial viability. Upon receipt of such filing and after Staff review, Staff will forward its recommendation to the Commission for a Decision that the requested cancellation is in the public interest
- 5.2 RECOMMENDATION ON THE APPLICANT'S PETITION TO HAVE ITS PROPOSED SERVICES CLASSIFIED AS COMPETITIVE

Staff believes that the Applicant's proposed services should be classified as competitive. There are alternatives to the Applicant's services. The Applicant will have to convince customers to purchase its services, and the Applicant has no ability to adversely affect the local exchange, access, or interexchange service markets. Therefore, the Applicant currently has no market power in the local exchange, access, or interexchange service markets where alternative providers of telecommunications services exist. Staff therefore recommends that the Applicant's proposed services be classified as competitive.

Staff further recommends that the Applicant be subject to the Commission's rules governing interconnection and unbundling and the 1996 Telecommunications Act and the rules promulgated thereunder. In the event that the Applicant provides essential services or facilities that potential competitors need in order to provide their services, the Applicant should be required to offer those facilities or services to these providers on non-discriminatory terms and conditions pursuant to federal laws, federal rules, and state rules.



On Page 2 of the Staff Report, Section 2.5, paragraph four, delete:

"After one year of operation under the CC&N granted by the Commission"

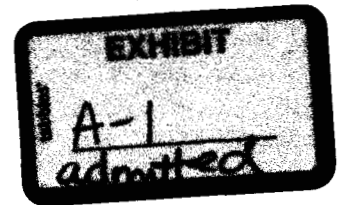
and insert:

"If at some time in the future the Applicant's financial outlook improves"

On Page 14 of the Staff Report, Replace parts "d" and "e" of Condition Number four with the following:

- d. proof of the performance bond should be docketed within 90 days of the effective date of an order in this matter or 30 days prior to the provision of service, whichever comes first, and must remain in effect; however
- e. if at some time in the future the Applicant's financial outlook improves, Staff recommends that the Applicant be allowed to file a request for cancellation of its established performance bond. Such request should be accompanied by information demonstrating the Applicant's financial viability. Upon receipt of such filing and after Staff review, Staff will forward its recommendation to the Commission.

BEFORE THE
ARIZONA CORPORATION COMMISSION



Application and Petition of)	
VIVO COMMUNICATIONS-AZ, LLC)	
)	
for a Certificate of Convenience)	Docket No.
and Necessity to Provide Competitive)	
Telecommunications Services)	
And)	
Petition to Classify the Services)	
Provided by Applicant as Competitive)	

APPLICATION & PETITION
OF VIVO COMMUNICATIONS-AZ, LLC
FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY
TO PROVIDE COMPETITIVE TELECOMMUNICATIONS SERVICES
AND PETITION FOR COMPETITIVE CLASSIFICATION

VIVO COMMUNICATIONS-AZ, LLC, hereinafter referred to as "Applicant," by its attorney, and pursuant to Arizona Corporation Commission Title 14, Chapter 2, Article 11, Rules 14-2-1104, 14-2-1105 and 14-2-1108, hereby respectfully requests that the Arizona Corporation Commission, hereinafter referred to as "Commission", grant it a Certificate of Convenience and Necessity to Provide Competitive Telecommunications Service and Competitive Classification to the Services Applicant intends to provide.

**I. APPLICATION OF VIVO COMMUNICATIONS-AZ, LLC FOR A
CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE
COMPETITIVE TELECOMMUNICATIONS SERVICES**

In support of its Application for a Certificate of Convenience and Necessity to Provide Competitive Telecommunications Services within the State of Arizona, as set forth more specifically herein, Applicant provides the following information:

1. Description of the Company and the Services it intends to Offer:

The Applicant is a Arizona Limited Liability Company, which was incorporated on 10/26/00. A copy of Applicant's Certificate of Incorporation is attached hereto as **Exhibit A**.

Upon initiation of service in Arizona, Applicant proposes to offer resold and facilities-based interexchange and local exchange services. Such services will be provided by utilizing the facilities incumbent local exchange carriers ("LECs") and facilities-based interexchange carriers, such as Qwest and WorldCom, as well as through Applicant's own facilities. Applicant intends to provide all forms of intrastate interexchange and local exchange telecommunications services including:

Interexchange (switched and dedicated services):

- A. 1+ and 101XXXX outbound dialing;
- B. 800/888 toll-free inbound dialing;
- C. Calling cards; and
- D. Data Services.

Local Exchange:

- A. Local Exchange Services for business and residence customers that will enable customers to originate and terminate local calls in the local calling area served by other LECs.
- B. Switched local exchange services, including basic service, trunks, carrier access, and any other switched local services that currently exist or will exist in the future.
- C. Non-switched local services (e.g., private line) that currently exist or will exist in the future.
- D. Centrex and/or Centrex-like services that currently exist or will exist in the future.
- E. Digital subscriber line, ISDN, and other high capacity line services.

VIVO seeks authority to resell and provide through its own facilities local exchange services throughout the State in the areas served by US WEST. Applicant's local calling areas initially will coincide with the incumbent local exchange carrier's local calling areas.

The members/owners of VIVO, are the same as VIVO-TN, LLC, and the members have also formed separate limited liability companies in Oregon, Maryland, Florida, Maryland, Colorado, and North Carolina, each of which was formed to operate as a carrier in such jurisdictions. Each is in the process of applying for authorization to provide competitive local exchange and interexchange services, both as a reseller and facilities-based provider, in each such jurisdiction. No such applications have been denied or dismissed. Neither Applicant nor any of its affiliates are currently providing service.

Local exchange telecommunications services will initially be offered on a resale basis by establishing resale agreements from incumbent local exchange carriers ("ILEC"). As a reseller, Applicant will utilize available ILEC facilities, the precise nature and extent of which has not yet been determined. The Applicant, in the future, also intends to provide facilities-based service.

When customer demand warrants, switches will be deployed in carrier class co-location sites. The Network will be comprised of Fiber ring between ILEC central offices, DSLAMs in central offices and class 5 Next Generation Switch (Convergent or Telica) at switching location. Voice and Data services will be initially offered. 911 and Operator Services and Directory Assistance services will be provided.

2. Applicant's Name, Address and Telephone Number:

VIVO COMMUNICATIONS-AZ, LLC
600 South Adams; Suite 210
Birmingham, Michigan 48009

Applicant will do business in the State of Arizona under the name "VIVO COMMUNICATIONS-AZ, LLC"

Applicant currently has no offices in the State of Arizona.

3. Officer and Directors:

The names of Applicant's officers, directors, and Arizona agent for service of process are as follows:

Officers/Managers:

Dave Marshall	President
Pete Empie	VP of Operations
Tim Sefton	VP of Customer Service
Mike Betts	Chief Financial Officer
Mark Knopper	Chief Technology Officer

Directors:

None

Registered Agent:

National Corporate Services, Inc.
815 North First Avenue, Suite #4
Phoenix, Arizona 85003

4. Applicant's Representatives

The name, title, address, telephone number, facsimile number and e-mail address of Applicant's representatives are as follows:

Management Contact:

Tim Sefton, VP of Customer Service
600 South Adams; Suite 210
Birmingham, Michigan 48009
Telephone: (248) 644-5988
Facsimile: (248) 647-0526
E-mail: info@vivocommunications.net

Complaint Contact:

Tim Sefton, VP of Customer Service
600 South Adams; Suite 210
Birmingham, Michigan 48009
Telephone: (248) 644-5988
Facsimile: (248) 647-0526
E-mail: info@vivocommunications.net
Applicant's toll-free customer service number is (866) 256-7086

Attorney Representing Applicant:

Lance Steinhart, Regulatory Counsel
6455 E. Johns Crossing, Suite 285
Duluth, Georgia 30097
Telephone: (770) 232-9200
Facsimile: (770) 232-9208
E-mail: lsteinhart@telecomcounsel.com

5. Miscellaneous Statements

A. The Applicant has never sought authority to provide telecommunications services and in which the state granted authority with major changes and conditions or did not grant an application for those services.

B. The Applicant was never granted authority to provide telecommunications in any state where subsequently the authority was revoked.

C. The Applicant has never been nor is it currently involved in any formal complaint proceedings before any State or Federal Regulatory Commission.

D. The Applicant has not been involved in any civil or criminal investigations related to the delivery of telecommunication services within the last five years.

E. The Applicant has not had judgment entered against it in any civil matter or been convicted of criminal acts related to the delivery of telecommunications services within the last five years.

F. Applicant agrees to abide by and participate in the AUSF mechanism established by Decision No. 59623, dated April 24, 1996 (Docket No. RT-00000R-95-0498).

G. Applicant agrees to abide by the quality of service standards that were approved by the Commission for US West Communications, Inc. in Docket No. T-01051B-93-0183.

H. Applicant agrees to abide by all the Commission decisions and policies regarding CLASS service.

I. Applicant agrees to comply with A.A.C.R.14-2-111, which requires local exchange companies to provide 2-PIC equal access.

J. Applicant agrees to abide by all Commission rules and regulations.

6. Financial Information

Copies of a Balance Sheet as of November 28, 2000 and Current Account Balance for VIVO-TN, LLC, along with a letter of guaranty, are attached hereto as **Exhibit B**. Since Applicant and its affiliates are newly formed companies, no additional financial information is available.

7. Technical Information

The senior management of VIVO COMMUNICATIONS-AZ, LLC has great depth in the telecommunications industry and offer extensive telecommunications business technical and managerial expertise to VIVO COMMUNICATIONS-AZ, LLC. Biographical information for Applicant's key personnel is attached hereto as **Exhibit C**. Exhibit C clearly demonstrates that Applicant has the business experience and technical knowledge required to successfully provide the proposed telecommunications services.

In the event that Applicant ceases to do business, Applicant will abide by Arizona Corporation Commission Title 14, Chapter 2, Article 11, Rules 14-2-1107, Application to Discontinue or Abandon Local Exchange Service Area.

8. Geographic Area of Operation

Applicant seeks certification to provide competitive interexchange telecommunications services throughout the State of Arizona and competitive local exchange service throughout U S WEST operating territories within the State of Arizona.

9. Description and Map of Operating Area

Applicant seeks certification to provide interexchange services throughout the State of Arizona. In the areas for which Applicant is seeking Commission certification and authority to provide local exchange services, the incumbent provider of local exchange telecommunications services is U S WEST. Applicant is requesting authority to operate in the exact same geographic areas in which U S WEST operates, therefore Applicant requests that the Commission waive the requirement that Applicant provide maps of these operating territories since such maps have been provided by U S WEST and are on Commission file.

10. Initial Tariff

Applicant's initial interexchange tariff is attached hereto as **Exhibit D**. Applicant hereby requests a waiver of its filing of a local exchange tariff until resale/interconnection negotiations are completed. Applicant's customers will not be required to (or have the option to) pay advances, prepayments, or deposits for any products or services.

11. Public Interest Benefits

It is in the public interest for the Commission to grant Applicant the authority to provide the competitive telecommunications services described herein. Permitting Applicant to provide the services described in this Application will expand service options and increase competition in Arizona without any adverse impact on the Commission's goal of universal services and affordable service for individual customers. Approval of this Application and Petition will lead to substantial additional private investment in Arizona's telecommunications infrastructure and promote consumer choice by expanding the availability of innovative, reliable, high quality and competitively priced telecommunications services. Approval also is likely to cause other telecommunications providers to improve their existing services, to become more efficient and to introduce service innovations of their own.

12. Petition for Competitive Classification

All of the services offered by VIVO COMMUNICATIONS-AZ, LLC, (VIVO) are subject to effective competition. Numerous companies provide long distance and local exchange telecommunications services. Carriers that may compete with VIVO include AT&T, MCI WorldCom, Sprint, U S WEST and others. Applicant has no affiliates providing such services. Terms and conditions of competing services are very similar. Many of these carriers offer a variety of local exchange and interexchange services. Pricing differences are used for competitive purposes to attract customers. Competing carrier's rates and terms of services are contained in tariffs on file with the Commission. VIVO's terms and conditions will meet Commission regulatory requirements and will be stated in the company's proposed tariff to be filed with the Commission.

VIVO currently has no customers in Arizona. VIVO does not expect to gain more than a modest share of telecommunications market in Arizona. Furthermore, entry into the telecommunications business is accomplished with relative ease. Ease of market entry is apparent by the number of market participants and the growing number of start-up telecommunications companies. Economic conditions and customer demand currently make new companies and services viable, since customers are looking for new and innovative providers, particularly companies that bundle a variety of services, as is the intent of Applicant.


Therefore, Applicant has demonstrated that within the relevant market, telecommunications services are competitive, and that Applicant's service offerings should be classified as competitive.

In view of the foregoing, VIVO COMMUNICATIONS-AZ, LLC, respectfully submits that the Public Convenience and Necessity would be served by the grant of its Certificate of Convenience and Necessity to Provide Competitive Telecommunications Service and its grant of Competitive Classification to the Services Applicant intends to provide.

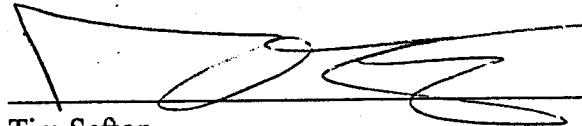
Respectfully submitted,

VIVO COMMUNICATIONS-AZ, LLC

By:


Lance J.M. Steinhart, Esq.
6455 East Johns Crossing
Suite 285
Duluth, Georgia 30097
770-232-9200

I certify that if the applicant is an Arizona corporation, a current copy of the Articles of Organization is on file with the Arizona Corporation Commission and the applicant holds a Certificate of Good Standing from the Commission. If the company is a foreign corporation or partnership, I certify that the company has authority to transact business in Arizona. I certify that all appropriate city, county and/or State agency approvals have been obtained. Upon signing of this application I attest that I have read the Commission's rules and regulations relating to the regulations of telecommunications services and that the company will abide by Arizona State Law including the Arizona Corporation Commission Rules and Regulations. I agree that the Commission's rules apply in the event there is a conflict between those rules and the company's tariff, unless otherwise ordered by the Commission. I certify that to the best of my knowledge the information provided in this Application and Petition is true and correct.



Tim Sefton
VP of Customer Service

Date: 11-22-00

SUBSCRIBED AND SWORN to before me this 22 day of November, 2000.



NOTARY PUBLIC

DEBRA SUE DUNSON
NOTARY PUBLIC OAKLAND CO., MI
MY COMMISSION EXPIRES Sep 5, 2003

My Commission Expires:

LIST OF EXHIBITS

Exhibit A - Articles of Organization

Exhibit B - Financial Information

Exhibit C - Biographical Information

Exhibit D - Tariff Information

EXHIBIT A
Articles of Organization

DO NOT PUBLISH
THIS SECTION

ARTICLE 1

The company name must contain an ending which may be "limited liability company," "limited company," or the abbreviations "L.L.C.," "L.C.," "LLC" or "LC". If you are the holder or assignee of a tradename or trademark, attach Declaration of Tradename Holder form.

ARTICLE 2

May be in care of the statutory agent.

ARTICLE 3

The statutory agent address cannot be a P.O. Box. It must be a physical address in Arizona. The agent must sign the Articles or provide a consent to acceptance of appointment.

ARTICLES 4

Complete this section only if you desire to select a date or occurrence when the company will dissolve. If perpetual duration is desired, leave this section blank.

ARTICLE 5.a

Check which management structure will be applicable to your company.

ARTICLES OF ORGANIZATION

OF

2000 OCT 25 P 2:29

VIVO COMMUNICATIONS-AZ, LLC

(An Arizona Limited Liability Company)

- 4-0967296-0
1. Name. The name of the limited liability company is:
Vivo Communications-AZ, LLC OK-A.
 2. Registered Office. The address of the registered office in Arizona is: _____
In care of statutory agent

located in the County of _____
 3. Statutory Agent. (In Arizona) The name and address of the statutory agent of the company is:
National Registered Agents, Inc.
815 N. First Avenue, Suite 4
Phoenix, AZ 85003
 4. Dissolution. The latest date, if any, on which the limited liability company must dissolve is _____
 - 5.a. Management.
☐ Management of the limited liability company is vested in a manager or managers. The names and addresses of each person who is a manager AND each member who owns a twenty percent or greater interest in the capital or profits of the limited liability company are:

☒ Management of the limited liability company is reserved to the members. The names and addresses of each person who is a member are:

DO NOT PUBLISH
THIS SECTION

5.b.

Name:

Robert T. Sefton

☒ member

☐ manager

☐ member

☐ manager

Address:

600 S. Adams, Suite 210

City, State, Zip:

Birmingham, MI 48009

Name:

☐ member

☐ manager

☐ member

☐ manager

Address:

City, State, Zip:

ARTICLE 5.b.

Depending upon your selection in 5.a., provide the names and address of the managers and members of the organization. Check the applicable title for each person. A member managed company cannot contain a manager or managers.

The person(s) executing this document need not be member(s) of the company.

Your fax and phone number is optional.

The agent may consent to the appointment by either executing the consent, attaching a cover letter, or if paying by check, executing the check.

EXECUTED this 24 day of October, 192001.

[Signature]

[Signature]

Robert T. Sefton

[Print Name Here]

[Print Name Here]

PHONE 248 723-5458

FAX 248 647-0526

Acceptance of Appointment By Statutory Agent

I Christina L. Clapp, having been designated to act as Statutory Agent, hereby consent to act in that capacity until removed or resignation is submitted in accordance with the Arizona Revised Statutes.

Christina L. Clapp
Signature of Statutory Agent

EXHIBIT B
Financial Information

Balance Sheet as of November 28, 2000 and Current Account Balance for VIVO-TN, LLC, along with letter of guaranty.

VIVO

December 11, 2000

To: VIVO-AZ, LLC

Re: VIVO-AZ, LLC
Arizona Corporation Commission

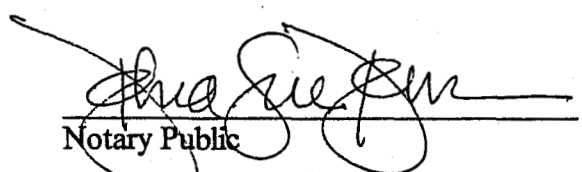
VIVO-TN, LLC, which has identical ownership as VIVO-AZ, LLC (i.e. they are brother/sister companies), will provide complete financial backing if the Company experiences a net loss or a business failure and will guarantee to payment of customers, advances, prepayments or deposits held by VIVO-AZ, LLC, for some reason, it cannot provide service or repay the deposits.

VIVO-TN, LLC

By: 

Signature of Authorized Officer

Subscribed and sworn to me, this 11 day of Dec, 2000.


Notary Public

DEBRA SUE DENSON
NOTARY PUBLIC OAKLAND CO., MI
MY COMMISSION EXPIRES Sep 5, 2005

My Commission expires on 9-5-2005.

cc: Lance J.M. Steinhart, Esq.

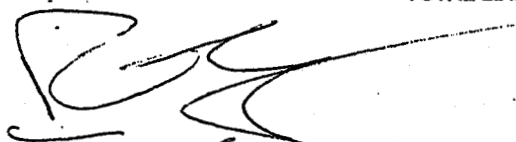
600 South Adams, Suite 210 • Birmingham, Michigan 48009
Telephone: 248.644.5988 • Fax: 248.647-0526

VIVO

11/30/00

**Vivo-Tn
Balance Sheet
As of November 30, 2000**

	<u>Nov 30, '00</u>
ASSETS	
Current Assets	
Checking/Savings	
Republic Bank-Checking	100.00
Republic Bank -Savings	106,192.50
Total Checking/Savings	106,292.50
Total Current Assets	106,292.50
TOTAL ASSETS	<u>106,292.50</u>
LIABILITIES & EQUITY	
Equity	
Opening Bal Equity	72,292.50
Partner One Equity	14,000.00
Partner Two Equity	20,000.00
Total Equity	106,292.50
TOTAL LIABILITIES & EQUITY	<u>106,292.50</u>


Tim Sefton
VP - Customer Operations

STATE OF Michigan
COUNTY OF Oakland

Before me, a Notary Public of the State and County aforesaid, Tim Sefton personally appeared with whom I am personally acquainted and who, upon oath, acknowledged himself to be the individual who signed the above letter and attached balance sheet for Vivo-TN.

WITNESS Debra Sue Benson my hand and seal this 30 day of November, 20 00
My Commission Expires: 9-5, 2005
Notary Public

DEBRA SUE BENSON
NOTARY PUBLIC OAKLAND CO., MI
MY COMMISSION EXPIRES Sep 5, 2005

Page 1

600 South Adams, Suite 210 • Birmingham, Michigan 48009
Telephone: 248.644.5988 • Fax: 248.647-0526



November 30, 2000

Vivo-Tn, LLC
600 South Adams Rd. Ste 210
Birmingham, MI. 48009

Dear Mr. Sefton

Attached is your current account balance for Vivo-Tn, LLC as of Thursday November 30, 2000 (\$106,192.50). Please feel free to call me with any questions or concerns.

Sincerely,

A handwritten signature in cursive script that reads "Kristie M. Knieper". The signature is written in dark ink and is positioned above the printed name and title.

Kristie M Knieper
Assistant Branch Manager

11/30/00
Vivo-Tn, LLC
Mark A Knopper
Robert T Sefton
13410 Island Lake Rd
Chelsea MI 48118

Deposit Inquiry

P e 1 of 6

10:53:18

CIF number: V014758
Phone: (H) (734) 475-7743 Birth date:
(B) (000) 000-0000
Tax ID number: 38-3553623 Br#: 051
Account type: Business Savings
Account number: [REDACTED]

New account Memo posted

Available Balance: 86,192.50
Collected balance: 86,192.50
Current balance: 106,192.50

Date last active: 11/28/00
Last deposit: 11/28/00 14,000.00
Date last overdrawn: 0/00/00

Yesterday's balance: 86,192.50
Last stmt balance: .00
Avg collected bal: 74,346.34
Avg ledger balance: 74,346.34
Interest rate: 2.0000%
Stmt/Service chg/Int cycle: 51
Automatic NSF fee: Yes
Statement/Passbook code: Statement
User code: A1

Date opened: 11/16/00
Date last statement: 0/00/00
Date last contact: 11/16/00
Closing balance: 106,245.45
Accrued interest: 52.95
Service charge: Yes
SC Waive expiration: 0/00/00
Service charge code: R2

More...

F1=Addl functions
F6=Messages

F3=Exit
F8=Maintenance

F4=Sweep Inquiry
F9=Relationships

F5=History
F24=More Keys

EXHIBIT C
Biographical Information

Michael J. Betts

e-mail mbetts@rust.net, web www.rust.net/~mbetts

Current Venture: May 99 to date--Joined SupplySolution (www.supplysolution.com) as vice president of operations. The company is based out of Santa Barbara, CA but maintains it's sales and marketing headquarters in the Metro Detroit area. SupplySolution is an application service provider serving the automotive manufacturing market with a web based supply chain inventory management solution.

Currently serve on the board of directors of bCandid.com

My Last Venture: Aug. 96 - Jan. 99-- Founded ISPNews, Inc. to provide carrier-class Usenet outsourcing services to business customers from start-up Internet service providers (ISPs) to RBOCs and national backbone providers. Negotiated and completed the merger of ISPNews with HighWind software (the leading developer of Usenet server software) to form ISPNews-Highwind in the fall of 1998. While President & CEO of ISPNews-Highwind, the company grew to profitability in 24 months with 14 employees and over 3 million in revenue. Today the company is known as bCandid. See press release--ISPnews and HighWind Merge, Intensifying competition.

Past Ventures: 1991 founded SelectAire corporation with two partners. Turned a college study session idea for a multi-scented air-freshener into a product sold in major grocery and mass merchant stores in over 20 states. My partners and I raised \$1 million in angel financing, made national chain retail sales calls and set up an assembly facility in Reynosa Mexico--before NAFTA. By 1994, a fortune 500 company had emulated our product in Europe and began buying our shelf space (via slotting fees) ultimately crushing our grocery distribution and crippling the company. This venture was my on-the-job MBA; a major stress test.

1994 founded Safari On-line Services--a BBS based internet service provider and web design shop with 2000 dial-up subscribers. Sold Safarinet in January 1996.

CAPSULE HISTORY:

Served six years in the U.S. Navy nuclear submarine service (1979-85). In 1990, I earned my B.S.M.E. from GMI Engineering & Management Institute and pursued employment as an automotive design engineer. In 1991, I co-founded and raised \$1 million in angel financing for SelectAire corporation--manufacturer of a multi-scented household air freshener sold in grocery and mass merchandise accounts.

In late 1992 I joined Virtual Engineering and was later promoted to Engineering Manager. In 1995, I joined RustNet, a Detroit area Internet Service Provider, as interim President/Director of Operations. Rustnet and Virtual Engineering had common owners. In August of 1996, I founded ISPNews, a Usenet service company, and raised \$1 million to grow the company to 14 employees and \$3 million annual revenue in 24 months.

In May of 1999 I joined SupplySolution as Vice President of Operations. SupplySolution is an online supply chain inventory management solution for the automotive manufacturing market.

Currently serve on the board of directors of bCandid.com

EDUCATION:

B.S.M.E. GMI Engineering & Management Inst. GPA 89/100 Flint MI
1990

Extra curricular: President Pi Tau Sigma, member Mgt. Honor soc., Toastmasters.

Naval Nuclear Power School Orlando Orlando
Fla. 1981

Electronics & Electricians Class A School Great Lakes
IL 1980

Center line High School Center Line
MI 1979

Dave Marshall

3186 Breakwater Dr. ♦ Okemos, Michigan 48864 ♦ (517) 381 - 4444 ♦ 101 ♦ E-mail: ICTdave@aol.com

Senior Executive with domestic and international experience in business development, increasing sell in penetrations, launching new and competitive telecommunications services and winning back subscribers through creative marketing and retention programs.

- ♦ Started company and built to profitable \$15 million business with worldwide operations
- ♦ Presently engaged in the construction and ownership of a \$25 million state wide fiber network
- ♦ Primary contractor for Cable TV companies rebuilding existing networks and marketing new product offerings

Skilled strategist with proven success in international cable & telephony business development.

- ♦ Increased cable TV sell in penetrations from 7% to 30% Australia and from 17% to 52 % in Venezuelan market.
- ♦ \$12 million generated through unique marketing approach in Australia, hired and trained staff of 150.
- ♦ Provide competitive win-back marketing consultation in 8 markets for the largest cable company in America -AT&T

Visionary leader adept at identifying and capitalizing on opportunities in an ever-changing industry.

- ♦ \$4 million revenue attained with in two years for start up company marketing telecommunications and cable TV services.
- ♦ Launched cable TV, long-distance, local telephone and internet access in 7 markets world wide.
- ♦ Started 9 divisions in past 7 years: telemarketing, direct sales, survey/research, CSR evaluation, underground/aerial construction, cable, Telephony & internet installations, DBS call center, audit/theft detection, competitive marketing consultation

Results-driven professional with track record of quickly achieving strong revenue growth and solidifying market position.

- ♦ Ranked #1 nationally for technical quality control & customer satisfaction (1997) and sales volume (1996) by DBS industry leader
- ♦ Set new levels of sales productivity and hired and trained over 200 direct sales reps internationally.
- ♦ Designed sales & marketing system that produces higher than average sell in penetrations regardless of cultural differences.

Professional Experience

INTERNATIONAL CABLE & TELEPHONE- (1991 to present)

President/Owner, International Cable & Telephone, Lansing, MI (1995 to present)

- Started company and built to peak of \$15 million revenues. Managed multilingual teams worldwide (Chinese /Spanish).
- Hired CEO to manage domestic operations, then focused personal efforts on global expansion & ICT owned fiber networks
- Achieved positive cash flow in each new division launched earlier than budgeted, both in the USA and OS.
- Managed direct sales, installations, telemarketing and media placement, i.e. TV, print, radio for multiple cable companies.
- Directed payroll, billing, subscriber reports, contracts for multiple companies \$3 million revenue, 150 contractors.

COMCAST CABLE

Director of Marketing- New Haven, CT (1989-1991)

- Created marketing plan for \$30 million business (direct mail, outdoor advertising, telemarketing, broadcast/print media placement and direct sales) Restructured organization, launched pay per view, reduced cable TV theft from 20% to 3% in an urban market.

COMCAST CABLE

Marketing Manager- Willingboro, NJ (1987-1989)

- Managed \$10 million operation/\$300K annual mass marketing budget. Utilized direct mail, broadcast/print, direct sales and radio. Conducted research and focus groups, negotiated contracts, channel/tier placement and launched new cable services.

GREATER MEDIA CABLE

Sales Manager- Philadelphia, PA (1987)

- Increased sell in penetrations from 30% to 49% in six months, hired & trained 40 sales reps. Increased sales per rep 300%.

COMCAST CABLE

Sales Supervisor- Philadelphia, PA (1985-1987)

- Designed all collateral pieces, increased sales volume/rep 225% and penetration from 22% to 56%. Managed 15 sales reps

ROGERS CABLE

Direct Sales Representative- Portland, OR (1982-1985)

- Averaged 40 sales per week, set penetration record of 82%, trained new representatives, designed collateral resulting 5% gain.

Graduate of DIT Institute of Technology, 1980 ♦ Aircraft owner / Multi/Instrument pilot ♦ Physical fitness enthusiast
♦ Proficient with IBM and Macintosh computers, Lotus, Excel, Word, Microsoft Office, internet etc.

Pete Empie

Vice President of Telephony Services

International Cable and Telephone

Responsible for creation of Telephony division. Manage all aspects of telephony division, which includes marketing, operations, and engineering. Responsible for 200% growth from year 1 to year 2, projecting 600% growth from year 2 to year 3.

Prior to joining International Cable and Telephone I was Regional Engineer for TCI Network Solutions Group, one of the nation's largest Integrators of Voice, video and, data (now AT&T Network Solutions Group). While at TCI, I was responsible for design, and implementation of Wide Area Networks, new markets and business opportunities, and the management of all contractors within TCI Network Solutions Group's Midwest region.

From 1995 to 1997, I worked at Brooks Fiber Communications now merged with MCI WorldCom) where my most recent position was Second Level Technical Support on the Switching side. In that capacity, I was responsible for 44 cities through out the Nation. All software as well as hardware on the Lucent 5ESS switches.

From 1989 to 1995, I worked for MCI, holding several different technical positions in the Mid Atlantic region, as well as the Midwest.

MARK ALLEN KNOPPER

Cisco Systems, Inc.
122 S. Main, Suite 280
Ann Arbor, MI 48104

phone 734-669-8800 ext. 13

fax 734-669-8661

e-mail mknopper@cisco.com

EDUCATION

The University of Michigan, Ann Arbor, Michigan. Bachelor of Science in Computer and Communications Sciences, 1980.

EXPERIENCE

December 1999 to present Cisco Systems, Inc.

Manager, Engineering – Lead of routing software development project for next generation router in Cisco's Service Provider Line of Business. Moving to larger office space in Ann Arbor (Key Bank, 100 S. Main Street), and currently hiring network engineers and programmers.

March, 1996 to December 1999 INTERNET ENGINEERING GROUP®, L.L.C. (IEng®)

Principal - Co-founder of company providing software for Internet routing protocols, and network engineering, training and consulting services to Internet providers and other networking companies. IEng is an independent consultant providing assistance with ISP interconnection, routing protocols, routing configuration and inter-domain routing design, peering and transit agreements, and ISP coordination. IEng's customers included Adelphia, ADP, Ascend, Avici Systems, Bellcore/Telcordia, Charlotte's Web/MRV, Cisco, Copper Mountain, France Telecom, GTE/BBN, IXC Communications, Lucent, MCI, Newbridge/Northchurch/Alcatel, Microsoft, Nokia, Nortel, Iron Bridge Networks, Redback/Siara, and UUNET.

IEng was acquired by Cisco Systems for \$25M in December, 1999.

1994 to 1996 AMERITECH ADVANCED DATA SERVICES, ANN ARBOR, MICHIGAN.

Director of Network Information Infrastructure (January 1994 – March 1996) - Leader of team responsible for product development, management and operations for Ameritech's commercial Internet access service. Principal investigator for Ameritech on cooperative agreement with National Science Foundation on NSFNET Network Access Point (NAP) Manager for the Chicago NAP. Responsible for Chicago NAP deployment, engineering, sales and operations.

1980 to 1993 MERIT NETWORK, ANN ARBOR, MICHIGAN.

Manager of Internet Engineering (August 1991 - December 1993) - Leader of team responsible for all aspects of operation, development and engineering for NSFNET Backbone. Worked closely with Advanced Network & Services, IBM, MCI and NSF as partners in the project.

Manager of MichNet Engineering (1988-1991) - Leader of team responsible for all aspects of operation, development and engineering for Merit's statewide Internet backbone in Michigan.

MichNet Engineering Staff (1980-1988) - Member of team responsible for all aspects of operation, development and engineering for Merit's statewide Internet backbone in Michigan. Helped backbone network grow from three universities to over 150 educational and commercial customers. One of three primary developers of PDP-11 Merit Network Operating System running on custom routers that formed the network technology for MichNet.

SKILLS - Managerial and Technical

Co-founder of IEng, a software and consulting business, that is operated as a partnership.
Managed multiple groups of technical and administrative staff on advanced projects.
Located and recruited capable staff using many contacts in the Internet community.
Developed and consulted on business plans and technical architecture for Internet Providers.
Worked extensively with data communications and telecommunications hardware and software.
Extensive experience with TCP/IP, OSI, X.25, DECNET, and other protocols.
Advanced experience in Unix system administration.
Experience with PC, Macintosh, Unix as development platforms.
Development experience with C and unix, shell scripts.

PRESENTATIONS, PUBLICATIONS and PROFESSIONAL ACTIVITIES

Working group chair in Internet Engineering Task Force (TUBA group 1993-1994).
Participant in the Internet Engineering Task Force (IETF).
Interop, and other venues: presentation on TUBA and IP Next Generation protocols.
Chair of NSFNET Regional Techs group, 1991-1993.
NANOG presentations on the Chicago NAP, 1994-1995.
"Securing a Network Operations Center," (panel with Lou Steinberg, Sean Donelan and Eriks Rugelis), The Internet Security Conference, San Jose, April 12, 1998.
"The Evolution of NAPs, Meet Points and Peering Sites," Spring Internet World 98, Los Angeles, March 12, 1998.
"NAPs, MAEs and other Internet Interconnect Points," ONE ISPCON, San Francisco, August 10, 1996.
"NAPs, Exchange Points and Interconnection of Internet Service Providers," White Paper series, revised February 27, 1998, available by purchase from IEng.
"Backbone Technology for Large Internet Service Providers," White Paper series, February 27, 1998 draft, available by purchase from IEng.

Resume of
Tim Sefton
543 Vinewood Street
Birmingham, Michigan 48009
(248) 642-9707

Work Experience:

1997 – Present Invivo Birmingham, Michigan
President

For the past 2 years Invivo has provided CLEC formation services to business organizations entering the local exchange market. These services include regulatory activities, interconnection negotiation activities, network design, project management and implementation. To date Invivo has been and is involved in the development of over 10 CLECs spread throughout the domestic US.

1997 - 1998 SAVVIS Communications Birmingham, Michigan
Senior Account Manager

In March of 1997 opened the Michigan office for SAVVIS Communications. In the first year of operation achieved over \$100,000 / mo of recurring revenue. In Michigan, over 15% of the ISP market was penetrated within the first 12 months of operation. Knowledge of ATM, Frame Relay, IP routing along with telecommunications industry standards obtained at SAVVIS.

1995 - 1997 TelSoft Consultants Walled Lake, Michigan
Account Manager - Internet Division

Responsible for marketing and sales of Internet and computer networking products at TelSoft. Over \$4,000 mo recurring revenue developed in first 8 months of Internet divisions existence.

1989 – 1995 Variation Systems Analysis St. Clair Shores, Michigan
Account Manager - Ford Motor Company

Responsible for marketing and sales of all VSA products (software, training, and consulting) to Ford Motor Company. Highest profit generating account (\$2 Million plus revenue per year). Currently 25% ahead of 1994/1995 revenue goals. See attached sheet for detailed description of Account development achievements.

91-93 Training Manager
Responsible for development and conduction of VSA training classes. Courses addressed both internal (VSA) and external training.

89-91 VSA Project Engineer
Conducted VSA analysis for Ford Motor Company. Focus on door system variability and interior trim.

1988-1991 Chrysler Motors Warren, Michigan
Assembly Line supervisor at Dodge Truck Plant.
Supervised engine dress, chassis, and final line production sections at the plant.

88-90 Power Train Advanced Manufacturing Engineering
Involved in the development and implementation of several large scale Power Train projects including Automated Casting Line, Automated Cylinder Head Assembly Line, Engine Assembly Line.

Educational Background:

1982-1987 University of Colorado Boulder, Colorado
BSME - Strong emphasis on computer science and electronics.

Interests & Hobbies

Computers.- familiar with both UNIX, and PC platforms. knowledgeable in network solutions, and telecommunications methods. Home Brewing and Skiing, References available upon request.

EXHIBIT D
Tariff Information

TITLE SHEETARIZONA TELECOMMUNICATIONS TARIFF

This tariff contains the descriptions, regulations, and rates applicable to the furnishing of service or facilities for Telecommunications Services furnished by VIVO COMMUNICATIONS-AZ, LLC ("VIVO"), with principal offices at 600 South Adams; Suite 210, Birmingham, Michigan 48009. This tariff applies for services furnished within the State of Arizona. This tariff is on file with the Arizona Corporation Commission, and copies may be inspected, during normal business hours, at the company's principal place of business.

ISSUE DATE:	, 2000	EFFECTIVE DATE:
ISSUED BY:	Tim Sefton, VP of Customer Service	
	600 South Adams; Suite 210	
	Birmingham, Michigan 48009	

CONCURRING, CONNECTING OR
OTHER PARTICIPATING CARRIERS

1. Concurring Carriers - None
2. Connecting Carriers - None
3. Other Participating Carriers - None

ISSUE DATE: ,2000 EFFECTIVE DATE:
ISSUED BY: Tim Sefton, VP of Customer Service
600 South Adams; Suite 210
Birmingham, Michigan 48009

CHECK SHEET

The Sheets of this tariff are effective as of the date shown at the bottom of the respective sheet(s). Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this sheet.

<u>SHEET</u>	<u>REVISION</u>
1	Original
2	Original
3	Original
4	Original
5	Original
6	Original
7	Original
8	Original
9	Original
10	Original
11	Original
12	Original
13	Original
14	Original
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22	Original
23	Original
24	Original
25	Original
26	Original
27	Original
28	Original
29	Original
30	Original
31	Original
32	Original
33	Original

* New or Revised Sheet ...

ISSUE DATE:	,2000	EFFECTIVE DATE:
ISSUED BY:	Tim Sefton, VP of Customer Service	
	600 South Adams; Suite 210	
	Birmingham, Michigan 48009	

TABLE OF CONTENTS

	Page
Title Sheet.....	1
Concurring, Connecting or Other Participating Carriers.....	2
Check Sheet.....	3
Table of Contents.....	4
Tariff Format.....	5
Symbols.....	6
Section 1 - Technical Terms and Abbreviations.....	7
Section 2 - Rules and Regulations.....	9
2.1 Undertaking of the Company.....	9
2.2 Use of Services.....	10
2.3 Liability of the Company.....	11
2.4 Responsibilities of the Customer.....	13
2.5 Cancellation or Interruption of Service.....	15
2.6 Credit Allowance.....	17
2.7 Restoration of Service.....	18
2.8 Deposit.....	18
2.9 Advance Payments.....	18
2.10 Payment and Billing.....	19
2.11 Collection Costs.....	20
2.12 Taxes.....	20
2.13 Late Charge.....	20
2.14 Returned Check Charge.....	20
2.15 Reconnection Charge.....	20
Section 3 - Description of Service.....	21
3.1 Computation of Charges.....	21
3.2 Customer Complaints and/or Billing Disputes.....	22
3.3 Level of Service.....	23
3.4 Billing Entity Conditions.....	23
3.5 Service Offerings.....	24
Section 4 - Rates.....	29
Section 5 - Minimum/Maximum Rates.....	33

ISSUE DATE: ,2000 EFFECTIVE DATE:
ISSUED BY: Tim Sefton, VP of Customer Service
600 South Adams; Suite 210
Birmingham, Michigan 48009

TARIFF FORMAT

A. Sheet Numbering: Sheet numbers appear in the upper right corner of the page. Sheets are numbered sequentially. However, new sheets are occasionally added to the tariff. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between pages 11 and 12 would be page 11.1.

B. Sheet Revision Numbers: Revision numbers also appear in the upper right corner of each sheet where applicable. These numbers are used to indicate the most current page version on file with the Commission. For example, 4th Revised Sheet 13 cancels 3rd Revised Sheet 13. Consult the Check Sheet for the sheets currently in effect.

C. Paragraph Numbering Sequence: There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:

- 2.
- 2.1
- 2.1.1
- 2.1.1.A
- 2.1.1.A.1
- 2.1.1.A.1.(a)
- 2.1.1.A.1.(a).I
- 2.1.1.A.1.(a).I.(i)
- 2.1.1.A.1.(a).I.(i).(1)

D. Check Sheets: When a tariff filing is made with the Commission, an updated Check Sheet accompanies the tariff filing. The Check Sheet lists the sheets contained in the tariff, with a cross reference to the current Revision Number. When new sheets are added, the Check Sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (*). There will be no other symbols used on this sheet if these are the only changes made to it (i.e., the format, etc. remains the same, just revised revision levels on some sheets). The tariff user should refer to the latest Check Sheet to find out if a particular sheet is the most current on Commission file.

ISSUE DATE: ,2000 EFFECTIVE DATE:
ISSUED BY: Tim Sefton, VP of Customer Service
600 South Adams; Suite 210
Birmingham, Michigan 48009

SYMBOLS

The following are the only symbols used for the purposes indicated below:

- (C) to signify change in regulation
- (D) to signify a deletion
- (I) to signify a rate increase
- (L) to signify material relocated in the tariff
- (N) to signify a new rate or regulation
- (R) to signify a rate reduction
- (T) to signify a change in text, but no change in rate or regulation

ISSUE DATE: ,2000 EFFECTIVE DATE:
ISSUED BY: Tim Sefton, VP of Customer Service
600 South Adams; Suite 210
Birmingham, Michigan 48009

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

Access Line - An arrangement from a local exchange telephone company or other common carrier, using either dedicated or switched access, which connects a Customer's location to the Company's location or switching center.

Authorization Code - A numerical code, one or more of which may be assigned to a Customer, to enable the Company to identify the origin of the Customer so it may rate and bill the call. Automatic number identification (ANI) is used as the authorization code wherever possible.

Commission - Used throughout this tariff to mean the Arizona Corporation Commission.

Customer - The person, firm, corporation or other legal entity which orders the services of the Company or purchases a Company Prepaid Calling Card and/or originates prepaid calls using such cards, and is responsible for the payment of charges and for compliance with the Company's tariff regulations.

Company or VIVO - Used throughout this tariff to mean VIVO COMMUNICATIONS-AZ, LLC, a Arizona Limited Liability Company.

Dedicated Access - The Customer gains entry to the Company's services by a direct path from the Customer's location to the Company's point of presence.

Prepaid Account - An inventory of Telecom Units purchased in advance by the Customer, and associated with one and only one Authorization Code as contained in a specific Prepaid Calling Card.

Prepaid Calling Card - A card issued by the Company, containing an Authorization Code which identifies a specific Prepaid Account of Telecom Units, which enables calls to be processed, account activity to be logged, and balances to be maintained, on a prepayment basis.

ISSUE DATE: ,2000 EFFECTIVE DATE:
ISSUED BY: Tim Sefton, VP of Customer Service
600 South Adams; Suite 210
Birmingham, Michigan 48009

Resp. Org - Responsible Organization or entity identified by an 800 service Customer that manages and administers records in the 800 database and management system.

Switched Access - The Customer gains entry to the Company's services by a transmission line that is switched through the local exchange carrier to reach the Company's point of presence.

Telecom Unit - A measurement of telecommunications service equivalent to one minute of usage between any two points within the State of Arizona.

Telecommunications - The transmission of voice communications or, subject to the transmission capabilities of the services, the transmission of data, facsimile, signaling, metering, or other similar communications.

Underlying Carrier - The telecommunications carrier whose network facilities provide the technical capability and capacity necessary for the transmission and reception of Customer telecommunications traffic.

ISSUE DATE: ,2000 EFFECTIVE DATE:
ISSUED BY: Tim Sefton, VP of Customer Service
600 South Adams; Suite 210
Birmingham, Michigan 48009

SECTION 2 - RULES AND REGULATIONS**2.1 Undertaking of the Company**

This tariff contains the regulations and rates applicable to intrastate interexchange telecommunications services provided by the Company for telecommunications between points within the State of Arizona. Services are furnished subject to the availability of facilities and subject to the terms and conditions of this tariff in compliance with limitations set forth in the Commission's rules. The Company's services are provided on a statewide basis and are not intended to be limited geographically. The Company offers service to all those who desire to purchase service from the Company consistent with all of the provisions of this tariff. Customers interested in the Company's services shall file a service application with the Company which fully identifies the Customer, the services requested and other information requested by the Company. The Company reserves the right to examine the credit record and check the references of all applicants and Customers prior to accepting the service order. The service application shall not in itself obligate the Company to provide services or to continue to provide service if a later check of applicant's credit record is, in the opinion of the Company, contrary to the best interest of the Company. The Company may act as the Customer's agent for ordering access connection facilities provided by other carriers or entities when authorized by the Customer, to allow connection of a Customer's location to a service provided by the Company. The Customer shall be responsible for all charges due for such service arrangement.

ISSUE DATE: ,2000 EFFECTIVE DATE:
ISSUED BY: Tim Sefton, VP of Customer Service
600 South Adams; Suite 210
Birmingham, Michigan 48009

- 2.1.1 The services provided by the Company are not part of a joint undertaking with any other entity providing telecommunications channels, facilities, or services, but may involve the resale of the Message Toll Services (MTS) and Wide Area Telecommunications Services (WATS) of underlying common carriers subject to the jurisdiction of this Commission.
- 2.1.2 The rates and regulations contained in this tariff apply only to the services furnished by the Company and do not apply, unless otherwise specified, to the lines, facilities, or services provided by a local exchange telephone company or other common carriers for use in accessing the services of the Company.
- 2.1.3 The Company reserves the right to limit the length of communications, to discontinue furnishing services, or limit the use of service necessitated by conditions beyond its control, including, without limitation: lack of satellite or other transmission medium capacity; the revision, alteration or repricing of the Underlying Carrier's tariffed offerings; or when the use of service becomes or is in violation of the law or the provisions of this tariff.

2.2 Use of Services

- 2.2.1 The Company services may be used for any lawful purpose consistent with the transmission and switching parameters of the telecommunications facilities utilized in the provision of services, subject to any limitations set forth in this Section 2.2.
- 2.2.2 The use of the Company services to make calls which might reasonably be expected to frighten, abuse, torment, or harass another or in such a way as to unreasonably interfere with use by others is prohibited.

ISSUE DATE: ,2000 EFFECTIVE DATE:
ISSUED BY: Tim Sefton, VP of Customer Service
600 South Adams; Suite 210
Birmingham, Michigan 48009

- 2.2.3 The use of the Company services without payment for service or attempting to avoid payment for service by fraudulent means or devices, schemes, false or invalid numbers, or false calling or credit cards is prohibited.
- 2.2.4 The Company services are available for use 24 hours per day, seven days per week.
- 2.2.5 The Company does not transmit messages, but the services may be used for that purpose.
- 2.2.6 The Company services may be denied for nonpayment of charges or for other violations of this tariff.
- 2.2.7 Customers shall not use the service provided under this tariff for any unlawful purpose.
- 2.2.8 The Customer is responsible for notifying the Company immediately of any unauthorized use of services.

2.3 Liability of the Company

- 2.3.1 The Company shall not be liable for any claim, loss, expense or damage for any interruption, delay, error, omission, or defect in any service, facility or transmission provided under this tariff, if caused by the Underlying Carrier, an act of God, fire, war, civil disturbance, act of government, or due to any other causes beyond the Company's control.
- 2.3.2 The Company shall not be liable for, and shall be fully indemnified and held harmless by the Customer against any claim, loss, expense, or damage for defamation, libel, slander, invasion, infringement of copyright or patent, unauthorized use of any trademark, trade name or service mark, proprietary or creative right, or any other injury to any person, property or entity arising out of the material, data or information transmitted.

ISSUE DATE: ,2000 EFFECTIVE DATE:
ISSUED BY: Tim Sefton, VP of Customer Service
600 South Adams; Suite 210
Birmingham, Michigan 48009

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- 2.3.3 No agent or employee of any other carrier or entity shall be deemed to be an agent or employee of the Company.
- 2.3.4 The Company's liability for damages, resulting in whole or in part from or arising in connection with the furnishing of service under this tariff, including but not limited to mistakes, omissions, interruptions, delays, errors, or other defects or misrepresentations shall not exceed an amount equal to the charges provided for under this tariff for the long distance call for the period during which the call was affected. No other liability in any event shall attach to the Company.
- 2.3.5 The Company shall not be liable for and shall be indemnified and saved harmless by any Customer or by any other entity from any and all loss, claims, demands, suits, or other action or any liability whatsoever, whether suffered, made, instituted, or asserted by any Customer or any other entity for any personal injury to, or death of, any person or persons, and for any loss, damage, defacement or destruction of the premises of any Customer or any other entity or any other property whether owned or controlled by the Customer or others.
- 2.3.6 The Company shall not be liable for any indirect, special, incidental, or consequential damages under this tariff including, but not limited to, loss of revenue or profits, for any reason whatsoever, including the breakdown of facilities associated with the service, or for any mistakes, omissions, delays, errors, or defects in transmission occurring during the course of furnishing service.

ISSUE DATE: ,2000 EFFECTIVE DATE:
ISSUED BY: Tim Sefton, VP of Customer Service
600 South Adams; Suite 210
Birmingham, Michigan 48009

- 2.3.7 The remedies set forth herein are exclusive and in lieu of all other warranties and remedies, whether express, implied, or statutory, INCLUDING WITHOUT LIMITATION IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

2.4 Responsibilities of the Customer

- 2.4.1 The Customer is responsible for placing any necessary orders and complying with tariff regulations. The Customer is also responsible for the payment of charges for services provided under this tariff.
- 2.4.2 The Customer is responsible for charges incurred for special construction and/or special facilities which the Customer requests and which are ordered by the Company on the Customer's behalf.
- 2.4.3 If required for the provision of the Company's services, the Customer must provide any equipment space, supporting structure, conduit and electrical power without charge to the Company.
- 2.4.4 The Customer is responsible for arranging access to its premises at times mutually agreeable to the Company and the Customer when required for Company personnel to install, repair, maintain, program, inspect or remove equipment associated with the provision of the Company's services.
- 2.4.5 The Customer shall cause the temperature and relative humidity in the equipment space provided by Customer for the installation of the Company equipment to be maintained within the range normally provided for the operation of microcomputers.

ISSUE DATE: ,2000 EFFECTIVE DATE:
ISSUED BY: Tim Sefton, VP of Customer Service
600 South Adams; Suite 210
Birmingham, Michigan 48009

- 2.4.6 The Customer shall ensure that the equipment and/or system is properly interfaced with the Company facilities or services, the signals emitted into the Company network are of the proper mode, bandwidth, power and signal level for the intended use of the subscriber and in compliance with criteria set forth in this tariff, the signals do not damage equipment, injure personnel, or degrade service to other Customers. If the FCC or some other appropriate certifying body certifies terminal equipment as being technically acceptable for direct electrical connection with interstate communications service, the Company will permit such equipment to be connected with its channels without the use of protective interface devices. If the Customer fails to maintain the equipment and/or the system properly, with resulting imminent harm to the Company equipment, personnel or the quality of service to other Customers, the Company may, upon written notice, require the use of protective equipment at the Customer's expense. If this fails to produce satisfactory quality and safety, the Company may, upon written notice, terminate the Customer's service.
- 2.4.7 The Customer must pay the Company for replacement or repair of damage to the equipment or facilities of the Company caused by negligence or willful act of the Customer or others, by improper use of the services, or by use of equipment provided by Customer or others.
- 2.4.8 The Customer must pay for the loss through theft of any Company equipment installed at Customer's premises.
- 2.4.9 If the Company installs equipment at Customer's premises, the Customer shall be responsible for payment of any applicable installation charge.

ISSUE DATE: ,2000 EFFECTIVE DATE:
ISSUED BY: Tim Sefton, VP of Customer Service
600 South Adams; Suite 210
Birmingham, Michigan 48009

- 2.4.10 The Customer must use the services offered in this tariff in a manner consistent with the terms of this tariff and the policies and regulations of all state, federal and local authorities having jurisdiction over the service.

2.5 Cancellation or Interruption of Services

- 2.5.1 Without incurring liability, upon five (5) working days' (defined as any day on which the company's business office is open and the U.S. Mail is delivered) written notice to the Customer, the Company may immediately discontinue services to a Customer or may withhold the provision of ordered or contracted services:
- 2.5.1.A For nonpayment of any sum due the Company for more than thirty (30) days after issuance of the bill for the amount due,
 - 2.5.1.B For violation of any of the provisions of this tariff,
 - 2.5.1.C For violation of any law, rule, regulation, policy of any governing authority having jurisdiction over the Company services, or
 - 2.5.1.D By reason of any order or decision of a court, public service commission or federal regulatory body or other governing authority prohibiting the Company from furnishing its services.

ISSUE DATE: ,2000 EFFECTIVE DATE:
ISSUED BY: Tim Sefton, VP of Customer Service
600 South Adams; Suite 210
Birmingham, Michigan 48009

- 2.5.2 Without incurring liability, the Company may interrupt the provision of services at any time in order to perform tests and inspections to assure compliance with tariff regulations and the proper installation and operation of Customer and the Company equipment and facilities and may continue such interruption until any items of noncompliance or improper equipment operation so identified are rectified.
- 2.5.3 Service may be discontinued by the Company without notice to the Customer, by blocking traffic to certain countries, cities or NXX exchanges, or by blocking calls using certain Customer authorization codes, when the Company deems it necessary to take such action to prevent unlawful use of its service. The Company will restore service as soon as it can be provided without undue risk, and will, upon request by the Customer affected, assign a new authorization code to replace the one that has been deactivated.
- 2.5.4 The Customer may terminate service upon thirty (30) days written notice for the Company's standard month to month contract. Customer will be liable for all usage on any of the Company's service offerings until the Customer actually leaves the service. Customers will continue to have Company usage until the Customer notifies its local exchange carrier and changes its long distance carrier. Until the Customer so notifies its local exchange carrier, it shall continue to generate and be responsible for long distance usage.

ISSUE DATE: ,2000 EFFECTIVE DATE:
ISSUED BY: Tim Sefton, VP of Customer Service
600 South Adams; Suite 210
Birmingham, Michigan 48009

2.6 Credit Allowance

- 2.6.1 Credit may be given for disputed calls, on a per call basis.
- 2.6.2 Credit shall not be issued for unavailability of long distance services.

ISSUE DATE: ,2000 EFFECTIVE DATE:
ISSUED BY: Tim Sefton, VP of Customer Service
600 South Adams; Suite 210
Birmingham, Michigan 48009

2.7 Restoration of Service

The use and restoration of service shall be in accordance with the priority system specified in part 64, Subpart D of the Rules and Regulations of the Federal Communications Commission.

2.8 Deposit

The Company does not require deposits.

2.9 Advance Payments

The Company does not require advance payments.

ISSUE DATE: ,2000 EFFECTIVE DATE:
ISSUED BY: Tim Sefton, VP of Customer Service
600 South Adams; Suite 210
Birmingham, Michigan 48009

2.10 Payment and Billing

- 2.10.1 Service is provided and billed on a billing cycle basis, beginning on the date that service becomes effective. Billing is payable upon receipt.
- 2.10.2 The customer is responsible for payment of all charges for services furnished to the Customer, as well as to all persons using the Customer's codes, exchange lines, facilities, or equipment, with or without the knowledge or consent of the Customer. The security of the Customer's Authorization Codes, subscribed exchange lines, and direct connect facilities is the responsibility of the Customer. All calls placed using direct connect facilities, subscribed exchange lines, or Authorization Codes will be billed to and must be paid by the Customer. Recurring charges and non-recurring charges are billed in advance. Charges based on actual usage during a month and any accrued interest will be billed monthly in arrears.
- 2.10.3 All bills are presumed accurate, and shall be binding on the customer unless objection is received by the Company in writing within 30 days after such bills are rendered. No credits, refunds, or adjustments shall be granted if demand therefore is not received by the Company in writing within such 30 day period.

ISSUE DATE: ,2000 EFFECTIVE DATE:
ISSUED BY: Tim Sefton, VP of Customer Service
600 South Adams; Suite 210
Birmingham, Michigan 48009

2.11 Collection Costs

In the event Company is required to initiate legal proceedings to collect any amounts due to Company for regulated or non-regulated services, equipment or facilities, or to enforce any judgment obtained against a Customer, or for the enforcement of any other provision of this tariff or applicable law, Customer shall, in addition to all amounts due, be liable to Company for all reasonable costs incurred by Company in such proceedings and enforcement actions, including reasonable attorneys' fees, collection agency fees or payments, and court costs. In any such proceeding, the amount of collection costs, including attorneys' fees, due to the Company, will be determined by the court.

2.12 Taxes

All federal, state and local taxes, assessments, surcharges, or fees, including sales taxes, use taxes, gross receipts taxes, and municipal utilities taxes, are billed as separate line items and are not included in the rates quoted herein.

2.13 Late Charge

A late fee of 1.5% per month or the amount otherwise authorized by law, whichever is lower, will be charged on any past due balances.

2.14 Returned Check Charge

A fee will be charged whenever a check or draft presented for payment for service is not accepted by the institution on which it is written.

2.15 Reconnection Charge

A reconnection fee of \$25 per occurrence will be charged when service is reestablished for Customers which have been disconnected due to non-payment. Payment of the reconnection fee and any other outstanding amounts will be due in full prior to reconnection of service.

ISSUE DATE: ,2000 EFFECTIVE DATE:
ISSUED BY: Tim Sefton, VP of Customer Service
600 South Adams; Suite 210
Birmingham, Michigan 48009

SECTION 3 - DESCRIPTION OF SERVICE**3.1 Computation of Charges**

3.1.1 The total charge for each completed call may be a variable measured charge dependent on the duration, distance and time of day of the call. The total charge for each completed call may also be dependent only on the duration of the call, i.e. a statewide flat rate per minute charge. The variable measured charge is specified as a rate per minute which is applied to each minute. All calls are measured in increments as set forth in the Rates Section of this tariff. All calls are rounded up to the next whole increment.

3.1.2 Where mileage bands appear in a rate table, rates for all calls are based upon the airline distance between the originating and terminating points of the call, as determined by the vertical and horizontal coordinates associated with the exchange (the area code and three digit central office code) associated with the originating and terminating telephone numbers. If the Customer obtains access to the Company's network by a dedicated access circuit, that circuit will be assigned an exchange for rating purposes based upon the Customer's main telephone number at the location where the dedicated access circuit terminates. The vertical and horizontal (V & H) coordinates for each exchange and the airline distance between them will be determined according to industry standards.

ISSUE DATE: ,2000 EFFECTIVE DATE:
ISSUED BY: Tim Sefton, VP of Customer Service
600 South Adams; Suite 210
Birmingham, Michigan 48009

3.1.3 Timing begins when the called station is answered and two way communication is possible, as determined by standard industry methods generally in use for ascertaining answer, including hardware answer supervision in which the local telephone company sends a signal to the switch or the software utilizing audio tone detection. Recognition of answer supervision is the responsibility of the Underlying Carrier. Timing for each call ends when either party hangs up. The Company will not bill for uncompleted calls.

3.2 Customer Complaints and/or Billing Disputes

Customer inquiries or complaints regarding service or accounting may be made in writing or by telephone to the Company at:

600 South Adams; Suite 210
Birmingham, Michigan 48009
(866) 256-7086

Any objection to billed charges should be reported promptly to the Company. Adjustments to Customers' bills shall be made to the extent that records are available and/or circumstances exist which reasonably indicate that such charges are not in accordance with approved rates or that an adjustment may otherwise be appropriate. Where overbilling of a subscriber occurs, due either to Company or subscriber error, no liability exists which will require the Company to pay any interest, dividend or other compensation on the amount overbilled.

ISSUE DATE: ,2000 EFFECTIVE DATE:
ISSUED BY: Tim Sefton, VP of Customer Service
600 South Adams; Suite 210
Birmingham, Michigan 48009

If a Customer accumulates more than One Dollar of undisputed delinquent the Company 800 Service charges, the Company Resp. Org. reserves the right not to honor that Customer's request for a Resp. Org. change until such undisputed charges are paid in full.

3.3 Level of Service

A Customer can expect end to end network availability of not less than 99% at all times for all services.

3.4 Billing Entity Conditions

When billing functions on behalf of the Company or its intermediary are performed by local exchange telephone companies or others, the payment of charge conditions and regulations of such companies and any regulations imposed upon these companies by regulatory bodies having jurisdiction apply. The Company's name and toll-free telephone number will appear on the Customer's bill.

ISSUE DATE: ,2000 EFFECTIVE DATE:
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600 South Adams, Suite 210
Birmingham, Michigan 48009

3.5 Service Offerings**3.5.1 1+ Dialing**

This service permits Customers to originate calls via switched or dedicated access lines, and to terminate intrastate calls. The customer dials "1+" followed by "ten digits" or dials "101XXXX" followed by "1+ ten digits".

3.5.2 Travel Cards

The Customer utilizes an 11 digit "toll-free" access number established by the Company to access a terminal. Upon receiving a voice prompt, the Customer uses push button dialing to enter an identification code assigned by the Company, and the ten digit number of the called party.

3.5.3 800 Service (Toll-Free)

This service is inbound calling only where an 800, 888 or other toll-free prefix number rings into a Customer's premise routed to a specific telephone number or terminated over a dedicated facility.

ISSUE DATE: ,2000 EFFECTIVE DATE:
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Birmingham, Michigan 48009

3.5.4 Company Prepaid Calling Cards

This service permits use of Prepaid Calling Cards for placing long distance calls. Customers may purchase Company Prepaid Calling Cards at a variety of retail outlets or through other distribution channels. Company Prepaid Calling Cards are available at a variety of face values ranging from five dollars (\$5.00), in one dollar (\$1.00) increments. Company Prepaid Calling Card service is accessed using the Company toll-free number printed on the card. The caller is prompted by an automated voice response system to enter his/her Authorization Code, and then to enter the terminating telephone number. The Company's processor tracks the call duration on a real time basis to determine the number of Telecom Units consumed. The total consumed Telecom Units and applicable taxes for each call are deducted from the remaining Telecom Unit balance on the Customer's Company Prepaid Calling Card.

All calls must be charged against Prepaid Calling Card that has a sufficient Telecom Unit balance. A Customer's call will be interrupted with an announcement when the balance is about to be depleted.

When the balance is depleted, the Customer can either call the toll-free number on the back of the Company Prepaid Calling Card and "recharge" the balance on the card using a nationally recognized credit card, or the Customer can throw the card away and purchase a new one. Calls in progress will be terminated by the Company if the balance on the Company Prepaid Calling Card is insufficient to continue the call.

ISSUE DATE:	,2000	EFFECTIVE DATE:
ISSUED BY:	Tim Sefton, VP of Customer Service 600 South Adams; Suite 210 Birmingham, Michigan 48009	

A card will expire on the date indicated on the card, or if no date is specified, 12 months from the date of purchase, or the date of last recharge, whichever is later. The Company will not refund unused balances.

A credit allowance for Company Prepaid Calling Card Service is applicable to calls that are interrupted due to poor transmission, one-way transmission, or involuntary disconnection of a call. To receive the proper credit, the Customer must notify the Company at the designated toll-free customer service number printed on the Company Prepaid Calling Card and furnish the called number, the trouble experienced (e.g. cut-off, noisy circuit, etc.), and the approximate time that the call was placed.

When a call charged to a Company Prepaid Calling Card is interrupted due to cut-off, one-way transmission, or poor transmission conditions, the Customer will receive a credit equivalent of one Telecom Unit.

Credit allowances for calls pursuant to the Company Prepaid Card Service do not apply for interruptions not reported promptly to the Company or interruptions that are due to the failure of power, equipment or systems not provided by the Company.

Credit for failure of service shall be allowed only when such failure is caused by or occurs due to causes within the control of the Company.

The Company will block all calls beginning with the NPA "900" and NXX "976" calls, therefore such calls can not be completed.

ISSUE DATE: ,2000 EFFECTIVE DATE:
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Birmingham, Michigan 48009

3.5.5 Directory Assistance.

Access to long distance directory assistance is obtained by dialing 1 + 555-1212 for listings within the originating area code and 1 + (area code) + 555-1212 for other listings. When more than one number is requested in a single call, a charge will apply for each number requested. A charge will be applicable for each number requested, whether or not the number is listed or published.

ISSUE DATE: ,2000 EFFECTIVE DATE:
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Birmingham, Michigan 48009

3.5.6 Specialized Pricing Arrangements.

Customized service packages and competitive pricing packages at negotiated rates may be furnished on a case-by-case basis in response to requests by Customers to the Company for proposals or for competitive bids. Service offered under this tariff provision will be provided to Customers pursuant to contract. Unless otherwise specified, the regulations for such arrangements are in addition to the applicable regulations and prices in other sections of the tariff. Specialized rates or charges will be made available to similarly situated Customers on a non-discriminatory basis. Discounts may apply based upon volume, affinity group plans, or term plan commitments.

3.5.7 Emergency Call Handling Procedures

Emergency "911" calls are not routed to company, but are completed through the local network at no charge.

3.5.8 Promotional Offerings

The Company may, from time to time, make promotional offerings to enhance the marketing of its services. These offerings may be limited to certain dates, times and locations. The Company will notify the Commission of such offerings as required by Commission rules and regulations.

ISSUE DATE: ,2000 EFFECTIVE DATE:
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SECTION 4 - RATES

4.1 1+ & 101XXXX Dialing

\$0.15 per minute

A \$4.95 per month per number service charge applies.
Billed in one minute increments

4.2 Travel Cards

\$.199 per minute

A \$.25 per call service charge applies.
Billed in one minute increments

ISSUE DATE: ,2000 EFFECTIVE DATE:
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4.3 800 Service (Toll Free)

\$0.15 per minute

A \$10 per month per number service charge applies.
Billed in one minute increments

4.4 Prepaid Calling Cards**Program**

A	\$.015	Per Telecom Unit
B	\$.019	Per Telecom Unit
C	\$.025	Per Telecom Unit
D	\$.029	Per Telecom Unit
E	\$.032	Per Telecom Unit
F	\$.035	Per Telecom Unit
G	\$.039	Per Telecom Unit
H	\$.045	Per Telecom Unit
I	\$.05	Per Telecom Unit
J	\$.06	Per Telecom Unit
K	\$.07	Per Telecom Unit
L	\$.08	Per Telecom Unit
M	\$.09	Per Telecom Unit
N	\$.10	Per Telecom Unit
O	\$.11	Per Telecom Unit
P	\$.12	Per Telecom Unit
Q	\$.13	Per Telecom Unit
R	\$.14	Per Telecom Unit
S	\$.15	Per Telecom Unit
T	\$.19	Per Telecom Unit
U	\$.20	Per Telecom Unit
V	\$.25	Per Telecom Unit
W	\$.29	Per Telecom Unit
X	\$.30	Per Telecom Unit
Y	\$.33	Per Telecom Unit
Z	\$.35	Per Telecom Unit
AA	\$.39	Per Telecom Unit
BB	\$.40	Per Telecom Unit
CC	\$.50	Per Telecom Unit

A \$.59 per call service charge applies.

ISSUE DATE:	, 2000	EFFECTIVE DATE:
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	Birmingham, Michigan 48009	

4.5 Directory Assistance

\$.95

4.6 Returned Check Charge

\$25.00

4.7 Rate Periods

	Monday - Friday	Sat.	Sun.
8 a.m. to 5 p.m.*	Daytime Rate Period	Evening Rate Period	
5 p.m. to 11 p.m.*	Evening Rate Period		
11 p.m. to 8 a.m.*	Night/Weekend Rate Period		

* To, but not including

When a message spans more than one rate period, total charges for the minutes in each rate period are calculated and the results for each rate period are totaled to obtain the total message charge. If the calculation results in a fractional charge, the amount will be rounded down to the lower cent.

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4.8 Payphone Dial Around Surcharge

A dial around surcharge of \$.35 per call will be added to any completed INTRASTATE toll access code and subscriber 800/888 type calls placed from a public or semi-public payphone.

4.9 Universal Service Fund Assessment & Presubscribed Interexchange Carrier Charge

The Customer will be assessed a monthly Universal Service Fund Contribution charge on all telecommunications services, which in no event shall be less than the prevailing contribution percentage rate charged the Company on intrastate traffic by the Universal Service Administrative Company (or any successor) or any state agency or its administrator. A Presubscribed Interexchange Carrier Charge ("PICC") applies on a monthly basis to all Customer monthly bills at the prevailing rate.

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SECTION 5 - MINIMUM/MAXIMUM RATES

5.1 1 + Dialing

\$0.04 per minute Minimum

\$0.40 per minute Maximum

5.2 Travel Cards

\$0.05 per minute Minimum

\$0.40 per minute Maximum

5.3 800 Service (Toll-Free)

\$0.04 per minute Minimum

\$0.40 per minute Maximum

5.4 Prepaid Calling Cards

\$0.01 per minute Minimum

\$1.00 per minute Maximum

5.5 Directory Assistance

\$0.50 Minimum

\$1.50 Maximum

5.6 Payphone Dial Around Surcharge

\$0.35 Minimum

\$1.00 Maximum

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